

Our Prediction for 2025 - Navigating opportunities and challenges

MATCHTECH 



STEM TALENT PARTNER OF CHOICE

As 2025 approaches, the UK's STEM industries face a mix of potential growth and significant challenges. With shifting geopolitical landscapes and the rapid digitisation of industries, organisations will need to adapt thoughtfully to navigate obstacles and identify opportunities for progress.

One of the defining characteristics of the current landscape is volatility. Labour demand has dropped significantly across the board, driven by unusual trend patterns, broader economic pressures, and the UK's recent increase in Employer National Insurance contributions. This rise has added to the financial burden on organisations, making it costlier to retain or hire talent and further destabilising the employment market. While STEM sectors have proven more resilient than the overall market, they too have seen a decline in demand. Interestingly, despite this reduced demand, actual hiring conversions have remained flat or even positive. This suggests a shift: although fewer roles are available, those actively seeking opportunities are more decisive and willing to move.



In sectors like rail, this volatility has been particularly pronounced. As **Kenny Burton**, Director of Rail, observes:

"2024 has been a year filled with promise but, unfortunately, very little delivery. Projects like HS2, Euston, Core Valley Lines, and CP7, which were expected to gain momentum, have instead faced reduced, extended, or delayed programmes. This has had a significant knock-on effect, leading to a slowdown in recruitment, redundancies, and skilled professionals leaving the sector to pursue opportunities abroad or in booming industries like energy. The key to revitalising the rail sector lies in investment, which we anticipate will begin filtering through as we enter the second year of the CP7 funding cycle in April. There is already a clear focus on attracting a younger workforce to the industry, and this funding will play an essential role in accelerating those efforts."

As volatility persists, we're also seeing a clear, underlying trend across markets—a shift towards sustainable thinking. Sustainability

is becoming a cornerstone of strategy, driving innovation, and reshaping recruitment priorities as organisations align with greener practices and goals.

This year, the spotlight falls on transformative technologies, sustainability initiatives, and evolving candidate expectations, which are redefining the demand for **STEM** talent across sectors. Economic and regulatory shifts are also driving organisations to reimagine traditional recruitment strategies, embracing innovative approaches to attract, retain, and develop their workforce.

From aerospace and defence to highways and technology, the need for specialised skills, fresh perspectives, and flexible recruitment models is more pressing than ever.

At Matchtech, we've gathered insights from our sector leaders to uncover the trends that will define the year ahead. Their verdict? 2025 is set to be a transformative year, brimming with opportunities for organisations and candidates alike.

1. A common focus on sustainability and green technologies

Sustainability remains a central driver of change across **STEM** industries, with organisations in sectors such as aerospace, energy, rail, and water responding to the global push for greener practices and technologies. This collective focus on sustainability is not only reshaping industries but also creating significant demand for specialised skills.

In aerospace, the transition toward net-zero emissions is gaining momentum. **Dan Tchupan**, Head of Mobility, highlights the role of Sustainable Aviation Fuel (SAF) in this transformation:

"The UK aerospace industry's push for net-zero emissions is a game changer. The need for experts in sustainable aviation technologies, like Sustainable Aviation Fuel (SAF), will only intensify. SAF, which can reduce CO₂ emissions by up to 80%, is gaining substantial backing from major airlines like British Airways and Virgin. This shift will increase demand for engineers specialising in SAF development, low-emission

propulsion, and green production technologies."

The renewable energy sector is also witnessing rapid expansion, driven by growing global commitments to clean power. **Mark Wilkie**, Head of Energy, explains the opportunities and challenges ahead:

"In 2023, renewable energy accounted for 30% of global electricity generation, with projections indicating this will rise to approximately 35% by 2025. As the number of global projects increases in areas such as Offshore Wind & Solar, the demand for skilled workers will continue to grow.

Currently, the market is candidate-driven, with a shortage of engineers possessing specific renewable energy experience, which is slowing down project progress. To address this, clients will need to be more flexible in hiring engineers from other sectors and providing the necessary training. Additionally, clients should consider offering sponsorships, as there is a large pool of potential candidates from other regions worldwide."



In the water sector, climate change and population growth are reshaping priorities. **Adam McGlead**, Director of Water, points to the urgency of building resilient infrastructure:

"We're seeing a growing emphasis on building resilient water systems to cope with extreme weather events and population growth. But with only 0.23% of university graduates entering the water industry, we're facing a significant challenge in attracting young talent. Negative press and concerns over the sector's financial stability aren't helping, but the growing focus on sustainability offers an opportunity to reframe the industry as a critical player in tackling climate change and resource management."

Across these sectors, sustainability is driving a transformation in both the workforce and the skills required. Employers are seeking not just technical

expertise but also the vision to implement innovative, long-term environmental strategies. As industries align their climate goals with workforce development, 2025 is set to be a defining year for green innovation, unlocking new opportunities for professionals and organisations alike.

This growing emphasis on sustainability reflects how integral **STEM** professionals are becoming to achieving ambitious climate goals. Employers across industries are not only seeking technical skills but also candidates with the vision to implement innovative, long-term environmental strategies.

The increasing alignment between sustainability and technological advancement is expected to drive the creation of new career pathways, cementing 2025 as a transformative year for green innovation.



2. Digital transformation and the rise of cybersecurity

The role of technology is central to the future of all industries, and **STEM** recruitment will see a marked increase in demand for professionals skilled in digital transformation. As businesses and public services accelerate their adoption of advanced technologies like AI, data analytics, and cloud computing, the need for experts capable of driving this digital evolution has never been greater.

"AI and automation are at the forefront of technological evolution," says **Danny Ingram**, Director of Technology. "From AI-driven manufacturing to predictive maintenance systems, companies across all sectors are looking for talent who can design and implement AI systems, interpret data, and harness the power of these emerging technologies to improve efficiencies, reduce costs, and meet sustainability targets."

With this rapid technological integration and increasing geopolitical pressures comes

an equally pressing need for robust cybersecurity measures. Industries like defence, aerospace, technology, and infrastructure are increasingly reliant on digital systems, making them prime targets for cyber threats.

"STEM RECRUITMENT WILL SEE A MARKED INCREASE IN DEMAND FOR PROFESSIONALS SKILLED IN DIGITAL TRANSFORMATION"

"The increasing cyber risks we face as a nation mean that demand for cybersecurity experts will surge," adds **Aidan Wood**, Director of Defence. "Defence, in particular, is grappling with new technological threats and the need for robust digital security systems, making this skillset critical."

Companies will need skilled cybersecurity professionals to protect critical data, secure operations, and ensure compliance with stringent regulations. Across **STEM**, digital transformation is not only reshaping how industries operate but also defining the skills and roles that will be pivotal in 2025 and beyond.



3. Flexibility: The new norm for talent acquisition

While the demand for specific technical skills continues to grow, the way companies approach talent acquisition is also shifting to align with modern expectations. Across all sectors, there's an increasing recognition of the importance of work flexibility in attracting talent with candidates increasingly prioritising roles that offer hybrid arrangements, adaptable schedules. Across sectors, the emphasis on flexibility is reshaping workforce strategies. **Sam Forster**, Director of Highways, observes a clear shift in candidate expectations:

"We're seeing a noticeable shift in expectations around flexible work options, particularly an increased desire for agile working, compressed hours, and remote working. Companies that embrace this will have an edge in attracting top talent."

This shift toward flexibility is not limited to working arrangements but extends to recruitment models

as well. **Dan Tchupan** highlights how the aerospace sector is adapting:

"Aerospace projects frequently operate in distinct phases with specific short-term objectives, driving a shift toward flexible recruitment models such as contract-based and project-focused hires. This approach not only enables companies to scale their workforce to meet the precise demands of R&D, production, or testing but also aligns with the growing preference for flexibility among professionals. Adapting to this trend is essential for remaining competitive in a dynamic talent market."

Even traditionally rigid sectors like defence are beginning to embrace change. Historically constrained by security concerns, the sector is now recognising flexibility as a potential solution to its significant gender imbalance—only 25% of the workforce is female.

Aidan Wood points to the broader societal benefits of embracing more adaptable working models:



"Offering part-time and more flexible working arrangements is not only essential for attracting a more gender-diverse workforce but also for enabling men to share family responsibilities. This shift ensures our sector remains future-proofed in a society where balance is a key expectation."

Flexibility is no longer just a perk; it has become a critical strategy for companies competing in a tight talent market. Beyond enhancing recruitment efforts, fostering a more inclusive and flexible work environment also boosts employee satisfaction and productivity. As organisations adapt to these changes, they are better positioned to attract and retain the skilled professionals needed to thrive in an increasingly competitive landscape.

4. Talent Shortages and the Need for Diversity

As the UK's **STEM** sectors look toward 2025, addressing talent shortages and fostering greater inclusivity have become critical priorities. Despite the rising demand for skilled professionals,

significant gaps persist, particularly in highly specialised areas like systems engineering, cybersecurity, and sustainable technologies.

One of the most pressing challenges is the shortage of systems engineers, an issue highlighted by **Aidan Wood**:

"The shortage of systems engineers remains a critical issue. Programmes like GCAP and AUKUS will create massive demand for this skillset, and we need to be proactive in filling these gaps."

Meeting this demand requires innovative approaches to recruitment and workforce development. From leveraging international talent and forming closer partnerships with universities to creating accelerated training programmes, organisations have a clear opportunity to tap into new talent pipelines and bridge these gaps in 2025.

Flexibility in hiring practices is also crucial. **Mark Wilkie**, stresses the importance of embracing transferable skills to broaden the talent pool:



"To address talent shortages, clients need to be open to hiring candidates with transferable skills from other industries and providing the necessary training. This approach not only opens up new talent streams but also ensures quicker access to skilled professionals. Additionally, responding quickly to candidates is critical—delays in decision-making often mean losing top talent to competitors in this fast-paced market."

At the same time, the push for greater diversity is gaining momentum across **STEM** industries. Efforts to address gender imbalances and attract a more representative workforce are no longer optional—they are essential for driving progress. **Kenny Burton** highlights the challenges in the rail sector:

"The rail sector, in particular, has a long way to go in terms of gender diversity. Only 25% of the workforce is female, and that needs to change. We need to create more inclusive opportunities for everyone."

This sentiment is echoed by **Sam Forster**, who emphasises the broader benefits of an inclusive workforce:

"A more diverse workforce leads to more diverse ideas and solutions. It's crucial that we continue to push for greater inclusivity, especially in traditionally male-dominated sectors."

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As companies tackle the dual challenge of talent shortages and diversity, 2025 offers a pivotal moment to reshape recruitment strategies and workforce culture. By prioritising inclusivity, embracing transferable skills, and improving responsiveness in recruitment, organisations can address immediate skill gaps while building a stronger, more innovative workforce for the future.



Looking Ahead: Optimism for 2025

2025 promises to be a year of opportunity for the UK's **STEM** industries. As technology continues to evolve and sustainability remains a top priority, the recruitment landscape will be shaped by new demands, more flexible work arrangements, and a continued push for diversity.

As we enter the new year, the focus will be on adapting to these shifts and ensuring that the right talent is in place to meet the challenges ahead. As **Matt Wragg**, CEO of Matchtech, succinctly puts it:

"The demand for talent is going to increase in 2025, and it's an exciting time for **STEM** recruitment. The opportunities are there, and it's up to us to help our clients capitalise on them."

Matt Wragg

Chief Executive Officer

